



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
INSTALLATIONS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110



REPLY TO
ATTENTION OF

March 16, 2004

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
United States House of Representatives
2265 Rayburn House Office Building
Washington, DC 20515-0001

Dear Mr. Chairman:

Pursuant to the Army's previous notifications of intent to solicit and intent to award, I am pleased to forward the combined Community Development and Management Plan (CDMP) Executive Summary for the Walter Reed Army Medical Center (WRAMC), District of Columbia and Fort Detrick, Maryland military housing privatization initiative. The intent to solicit for a group of four projects was issued November 9, 2001 as part of the Northeast group. The intent to award for the third project in the grouping, WRAMC, was issued January 21, 2003 and the Detrick intent to award was issued on May 12, 2003. The projects were combined following selection of the same development partner.

The Army will take no action to implement the CDMP before Congress has completed its 45-day review. I will be pleased to provide you with any additional information you may need.

Sincerely,

William A. Armbruster
Deputy Assistant Secretary of the Army
Privatization and Partnerships

Enclosure

cc: Honorable Ike Skelton, Ranking Member

MILITARY HOUSING PRIVATIZATION INITIATIVE ARMY PROJECT SUMMARY

INSTALLATION:

Fort Detrick, Maryland and Walter Reed Army Medical Center, Washington D.C.

SCOPE:

This joint installation initiative will privatize the family housing operations and management at Fort Detrick and Walter Reed Army Medical Center. The project involves a real estate transaction with the successful offeror, GMH Military Housing, LLC, under which the government will convey a combined inventory of 410 housing units and certain associated improvements, and lease the underlying land at the two installations. In exchange, GMH will plan, design, develop, renovate, demolish, construct, own, operate, maintain and manage a rental housing development at each location, as well as any utilities conveyed or constructed by the developer, for 50 years.

The Army competitively solicited each installation as a separate project as part of a multi-installation Request for Qualification procurement process. GMH was selected as the development partner for the WRAMC project in April 2003. In July 2003, GMH was also selected as the partner for the Fort Detrick project, and the Army combined the projects for management efficiency.

The project will consist of 70 units with major renovations, 36 units with minor renovations, demolition and replacement of 298 units, and construction of 558 units to reduce the deficit, for a total end state of 963 units. The privatized units shall be designated for occupancy by all ranks. Housing and rents shall not exceed the Basic Allowance for Housing (BAH) at the dependent rate for the designated military pay grade, minus an allowance for the soldier to pay utility costs.

No Army and Air Force Exchange Services (AAFES) or Defense Commissary Agency (DeCA) or Moral Welfare Recreation (MWR) services activities will be adversely affected by this privatization initiative.

AUTHORIZATION:

10 U.S.C. Section 2875, Investments. The Army will make a direct investment of \$1.285 M in a limited liability corporation for purposes of constructing, renovating, operating, and managing family housing.

10 U.S.C. Section 2878, Conveyance or lease of existing property and facilities. Housing units will be conveyed and land will be leased to the successful offeror as part of the project.

Enclosure

10 U.S.C. Section 2880, Unit size and type. The housing to be renovated and constructed as part of this project will be similar to that found in the local community.

10 U.S.C. 2881, Ancillary supporting facilities. No conflict with AAFES, DeCA or non-appropriated fund activities. Ancillary facilities will include community centers that include meeting rooms, a kitchen, lending library; sports courts; playgrounds; and walking/fitness trails.

10 U.S.C. 2882, Assignment of members of the armed forces to housing units. Military members will pay the BAH minus an allowance for utilities to the SO by allotment.

JUSTIFICATION:

Privatization authorities allow the Army to leverage scare funds and the value of installation assets to obtain private sector capital and expertise to manage, improve and construct on-post family housing in the U.S. at a life cycle cost less than using traditional appropriated funds and methods. These authorities will allow the Army and its partner to provide military families with quality family housing and residential communities that are sustainable over time.

FUNDS REQUIRED:

The budget scoring analysis indicates a projected scoring amount of \$1.285 M.

SOURCE OF FUNDS:

The Army will provide \$1.285 M from the Department of Defense Family Housing Improvement Fund (FHIF). The Army intends to transfer \$1.285 M appropriated for this project in the FY2002 Army Family Housing Construction account into the FHIF.

Fiscal Year	Description	Amount
FY2002	Army Family Housing Construction, Fort Detrick	\$1.186 M
FY2002	Army Family Housing Construction, WRAMC	\$0.099 M
	Total	\$1.285 M